

Message Text

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64

ACTION EUR-12

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FM AMCONSUL HAMBURG

TO SECSTATE WASHDC 3371

INFO AMEMBASSY BONN

UNCLAS HAMBURG 0640

E. O. 11652: N/A

TAGS: ECON, ELAB, GW

SUBJ: LAYOFFS AT VW

REF: HAMBURG 0616

1. SUMMARY: TONI SCHMUECKER, HEAD OF VW, ANNOUNCED ON APRIL 14 PLANS TO REDUCE TOTAL VW EMPLOYMENT BY ABOUT 25,000. NO PLANTS ARE TO BE CLOSED AND MOST OF THE REDUCTION CAN BE ACCOMPLISHED THROUGH ATTRITION. END SUMMARY.

2. IN A STRONG BUT NEVERTHELESS SOMEWHAT HEDGED STATEMENT, VW PRESIDENT TONI SCHMUECKER ANNOUNCED PROPOSED PERSONNEL REDUCTIONS FROM A CURRENT EMPLOYMENT OF SOME 133,000 TO ABOUT 108,000 BY THE END OF 1976. SCHMUECKER STATED THAT HIS COST REDUCTION PROGRAM WOULD HAVE BEEN BETTER SERVED BY CLOSING THE INEFFICIENT NECKARSULM PLANT, BUT ASSERTED THAT QUOTE SOCIAL RESPONSIBILITY END QUOTE LED THE VW BOARD TO OPT FOR A MORE BROADLY BASED PROGRAM. IF THE SCHMUECKER PLAN IS FULLY CARRIED OUT, NECKARSULM WILL LOSE NEARLY 44 PERCENT OF ITS EMPLOYEES, BUT WOLFSBURG AND OTHER MODERN PLANTS WILL ALSO LOSE WORKERS. THE SMALL PLANTS AT HEILBROM AND NEUENSTEIN, WITH TOTAL EMPLOYMENT OF 1300, MAY FACE CLOSING IS ALTERNATE USES FOR THEM ARE NOT

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FOUND.

3. SCHMUECKER SOFTENED THE BLOW A BIT A POINTING OUT THAT MOST OF THE REDUCTIONS WILL BE ACHIEVED THROUGH NATURAL ATTRITION, RATHER THAN BY FIRINGS. HE ALSO NOTED THAT ACTUAL NUMBERS WILL NATURALLY DEPEND UPON COMPANY SUCCESS OVER THE NEXT 20 MONTHS AND CLAIMED THAT PRESS REPORTS OF 10,000 ACTUAL FIRINGS ARE QUOTE FAR TOO HIGH END QUOTE. BROGAN

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